

**MINUTES OF THE
JOINT CAPITAL FACILITIES & GOVERNMENT OPERATIONS
APPROPRIATIONS SUBCOMMITTEE MEETING
MONDAY, JANUARY 28, 2008, 2:00 P.M.
RoomW025, West Office Building, State Capitol Complex**

Members Present: Sen. Scott K. Jenkins, Committee Co-Chair
 Rep. Kevin Garn, Committee Co-Chair
 Sen. Mike Dmitrich
 Sen. Darin Peterson
 Rep. DeMar “Bud” Bowman
 Rep. Rebecca Chavez-Houck
 Rep. Stephen Clark
 Rep. Janice M. Fisher
 Rep. Fred R. Hunsaker
 Rep. Gordon Snow
 Rep. Mark Walker
 Rep. Bradley A. Winn

Members Absent: Sen. Sheldon Killpack

Staff Present: Richard Amon, Fiscal Analyst
 Bonnie Brinton, Committee Secretary

Public Speakers Present: David Hart, Director, Capitol Preservation Board
 Jeff Herring, Director, Department of Human Resource
 Management
 Steve Fletcher, Chief Information Office, Director, Department of
 Technology Services
 Daniel Frei, Finance Director, Department of Technology Services
 Dennis Gorham, Manager, Automated Geographic Reference
 Center
 John Reidhead, Director of Finance, DAS

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Garn called the meeting to order at 2:15 p.m.

1. Welcome

Co-Chair Garn welcomed Subcommittee members to the meeting.

2. Approve Minutes of January 23 and 24, 2008

MOTION: Co-Chair Jenkins moved to approve the minutes of January 23 and 24, 2008.

The motion passed unanimously with Sen. Dmitrich and Reps. S. Clark, Snow, Walker and Winn absent for the vote.

3. Request for Appropriation

a. H.B. 75 *Inventory and Review of Commercial Activities* - Rep. Frank

b. H.B. 76 *Government Competition and Privatization Act* - Rep. Frank

This request was not heard in this meeting.

4. Capitol Preservation Board (CPB) - David Hart, Director

The Analyst reviewed information in the Budget Brief. The first issue discussed was Capitol Hill Security. With the opening of the Capitol in January 2008, the need for additional security on the Hill has increased. The Capitol has a much improved security system of cameras and other devices, which will require additional staffing. The CPB also requests additional Highway Patrol officers on the site to police the premises. Mr. Amon stated that the total request is \$2.8 million ongoing FY 2009 and \$1.4 million one-time FY 2008. If the Legislature approves this request, funding would be appropriated to the Department of Public Safety with a memorandum of understanding with the CPB for a minimum level of service.

The second issue discussed by the Analyst was the Eurest Dining Services. He explained that when the food service program began for Capitol Hill, the CPB realized the program would require a subsidy. Because of some issues, the program is in a negative earnings position and the CPB requests \$85,000 to remedy the situation.

Next, Mr. Amon reported on the request of \$80,000 ongoing for a Curator of the Capitol. He stated that the CPB currently contracts with a consultant to manage and maintain the historical objects and registration system for the Capitol building. Her contract is scheduled to end in FY 2008, and the CPB is requesting a new part-time Curator position.

Finally, Mr. Amon discussed his recommendation for the Capitol Gift Store. As FY 2008 is the first year of operation, the store may need several years to become fully self-sustaining and fulfill its mission. The Analyst recommends that the Utah Capitol Store be allowed to keep its profits in FY 2008 and that the Legislature appropriate an additional \$119,000 in dedicated credits in FY 2009 so that the store may collect all of the revenue generated by sales.

Director Hart presented information regarding four requests from the CPB. They are:

1. Curator of the Capitol - \$80,000
2. Utah Capitol Gift Store - \$119,000 one time
3. Food Service Program - \$85,000 subsidy
4. Security - FY 2008 \$1.4 million one-time and FY 2009 \$2.8 million ongoing

Mr. Hart responded to questions from Subcommittee members regarding the use of Capitol Hill facilities, fees, cleaning and janitorial costs, and security. Rep. S. Clark commended Director Hart for the excellent accomplishment of the CPB in preparing the Capitol for the Legislature.

Mr. Amon stated that he is recommending only one of the four requests for the CPB because of budget constraints. He also stated that there will be some carry-over money to cover some of the requests.

MOTION: Sen. Peterson moved to approve the Analyst's recommendation for the Capitol Preservation Board as follows:

1. A total FY 2009 base appropriation of \$4,239,700 with \$3,781,700 from the General Fund.
2. Intent language making the FY 2008 appropriation nonlapsing, but limited to uses specified in the language as follows:

Under terms of UCA 63-38-8.1 (3), the Legislature intends not to lapse Item 34, Chapter 1, or Item 32, Chapter 371, Laws of Utah 2007. Expenditure of these funds is limited to: the operation of the gift shop; and \$100,000 for maintenance and repairs of Capitol Hill, special upkeep of historic items, and special operational needs necessary to keep Capitol Hill functioning.

3. An additional appropriation of \$119,000 in FY 2009 of dedicated credits to allow the Utah Capitol Store to collect all of the revenue generated by sales at the store.

SUBSTITUTE MOTION: Rep. S. Clark moved to fund the request for \$340,000 to set up and run the Capitol gift store.

The substitute motion was withdrawn by Rep. S. Clark.

The motion passed unanimously with Rep. Snow absent for the vote.

MOTION: Rep. Fisher moved to fund all of the CPB's requests for funding.

The motion failed with Sen. Dmitrich and Reps. Chavez-Houck and Fisher voting for the motion.

5. Department of Human Resource Management (DHRM) - Jeff Herring, Director

a. Appropriated Budget

The Analyst presented a short overview of this Department and stated that the Department is not requesting any additional building blocks for the FY 2009 budget. He noted that the ratio of State employees to State population was 0.78 percent in FY 2007, the lowest number of State employees per capita in at least fifteen years.

Director Herring stated that he concurred with the Analyst's recommendations.

MOTION: Rep. Hunsaker moved to approve the Analyst's recommendations for the Department of Human Resource Management - Appropriated Budget as follows:

1. A total base appropriation of \$3,717,300 of which \$3,317,300 is General Fund.
2. Intent language making the FY 2008 appropriation nonlapsing limited to specific uses as follows:

Under terms of UCA 63-38-8.1 (3), the Legislature intends not to lapse Item 48, Chapter 1, and Item 44, Chapter 371, Laws of Utah 2007. Expenditure of these funds is limited to: Information Technology - \$325,000; Consulting Services - \$100,000.

The motion passed unanimously with Reps. Bowman and Walker absent for the vote.

b. Internal Service Fund

Regarding the issue of FY 2007 Rate Increases, Mr. Amon explained that the Internal Service Fund of the Department of Human Resource Management has two program: Human Resource Field Services and Payroll Field Services. He stated that FY 2007 was the first year of operation for the DHRM Internal Service Fund. The rates for FY 2007 were calculated and

approved by the 2006 Legislature by dividing the total budgets for HR services and payroll services by the total number of customer agency FTEs. This resulted in a HR Field Services annual rate of \$520 per FTE and a Payroll annual rate of \$130 per FTE.

The Analyst further stated that in FY 2008 the HR Field Services rate increased from \$520 to \$561.25 per agency FTE. In FY 2009 the Department proposes to raise the rate from \$561.25 to \$613 per FTE.

Mr. Amon stated that through internal efficiencies the DHRM has been able to reduce the number of FTE in the internal service fund by two. He therefore recommends decreasing the authorized FTE amount from 166.1 to 164.0.

Director Herring stated that he concurred with the Analyst's recommendations.

MOTION: Rep. Dmitrich moved to approve the Analyst's recommendations for the Department of Human Resources as follows:

1. Estimated revenues of \$12,903,300
2. Rates as presented.
3. Authorized FTE of 164.0.
4. No authorized capital outlay.

The motion passed unanimously with Reps. Bowman and Walker absent for the vote.

6. Department of Technology Services - Steve Fletcher, Chief Information Officer, Director

The Analyst introduced this Department by stating that he recommends discussion of the following appropriation increases:

- AGRC GPS Base Station Network (Integrated Technology)
- AGRC Cadastral Database (Integrated Technology)
- Business Continuity - Phase I (Technology Acquisitions Projects)

a. Chief Information Officer

Mr. Amon explained that the Chief Information Officer's office requests \$115,000 in federal funds be appropriated to this line item in order to fund an interoperability coordinator. Last year the Executive Branch created a State Interoperability Executive Committee open to all

State public safety agencies to coordinate radio and public safety communications. The Federal Department of Homeland Security requests that each state fund a coordinator position for issues related to first responder radio communications and has provided some grant money for this purpose. If the Legislature grants this request, the federal funds will pay the salary for this position for FY 2009. State funds will be required thereafter to fund this position.

Daniel Frei, Finance Director, explained the interoperability request and responded to questions from Subcommittee members. Discussion ensued regarding adopting intent language stating that the Department could not request funding from the State General Fund for this position in the future.

MOTION: Co-Chair Jenkins moved to approve the Analyst's recommendation for the DTS Chief Information Officer as follows:

1. A total FY 2009 base appropriation of \$640,100.
2. Intent language making the FY 2008 appropriation nonlapsing as follows:

Under Section 63-38-8 of the Utah Code the Legislature intends that funds provided in Item 54 of Chapter 1 and Item 50 of Chapter 371, Laws of Utah 2007 for the Department of Technology Services - Chief Information Officer shall not lapse at the close of fiscal year 2008.

3. Funding for a State Coordinator position for the State Interoperability Executive Committee with intent language to be written clarifying that when the federal funds to pay the salary for this position are gone, the Department will not request funding to continue this employee.

The motion passed unanimously with Reps. S. Clark and Walker absent for the vote.

b. Integrated Technology - Automated Geographic Reference Center (AGRC)

The Analyst reviewed the issues and recommendations regarding Integrated Technology. He stated that *Government Boundary Changes* required the (AGRC) to work with local governments to create a parcel database. To accomplish this task the AGRC has created the State Geographic Information Database into which it posts local government parcel information describing ownership and boundaries. The AGRC has received \$400,000 in the last two years to pass through to local governments to enable them to collect parcel boundary and corner information regarding the land in their area. Additional appropriations of \$400,000 will be

needed in each of the next three years to complete the database. The Analyst recommends a one-time appropriation of \$400,000 in FY 2009 funded through savings found within the Subcommittee.

The second issue discussed by Mr. Amon was the AGRC GPS Base Station. He stated that the *Global Positioning Reference Network* required the AGRC to establish and maintain a statewide network of transmitters that augment the U.S. government's global positioning satellite system. The cost of such a network was estimated at \$1.5 million in 2005 and the Legislature funded \$500,000 that year. The AGRC was able to leverage this appropriation through partnering with various agencies. In FY 2008 the Legislature funded an additional \$300,000. The Analyst recommends a final appropriation of \$400,000 in FY 2009 funded through savings found within the Subcommittee to finish the project and extend the network to the rest of the State.

Next, the Mr. Amon explained that as the AGRC completes the large imagery acquisition project funded by the 2006 and 2007 Legislatures it has requested additional dedicated credits in FY 2008. The Analyst recommends the CFGO Subcommittee approve \$665,000 in new dedicated credit authority for AGRC in FY 2008.

Finally, the Analyst noted an item titled "GFR - E-911 Emergency Services" within the base budget which is a restricted account funded from a surcharge on telephone services. The AGRC is given statutory authority to collect one cent of the surcharge from this account to be used to upgrade Statewide mapping standards. The base budget for this item is \$250,000 as submitted by the Department; however, collections within the fund for the AGRC have come in at \$300,000. Therefore, the Analyst recommends that the Legislature appropriate an additional \$50,000 to the AGRC from the GFR-E-911 Emergency Service account.

Dennis Gorham, Manager, AGRC, distributed handouts and discussed support for local government Cadastral information and a summary of the AGRC E911 services by county for the State of Utah. He also responded to questions from Subcommittee members.

MOTION: Co-Chair Jenkins moved to approve the Analyst's recommendations for Integrated Technology Division as follows:

1. A total base appropriation of \$3,969,800.
2. Intent language making the FY 20008 appropriation nonlapsing but limited to uses specified in the language as follows:

Under Section 63-38-8 of the Utah Code the Legislature intends that funds provided in Item 55 of Chapter 1 and Item 51 of Chapter 371, Laws of Utah 2007 for the Department of Technology Services - Integrated Technology Division shall not lapse at the close of fiscal year 2008.

3. Additional dedicated credit authorization of \$665,000 in FY 2008 to complete the aerial imagery project and other projects.
4. \$400,000 in FY 2009 funded through savings found within the Subcommittee to finish the GPS base station project and extend the network to the rest of the State.
5. A one-time appropriation of \$400,000 in FY 2009 funded through savings found within the Subcommittee to add additional parcel and boundary information to the State Cadastral Database.
6. Funding of \$50,000 restricted funds for GFR - E-911 Emergency Services.

The motion passed unanimously with Rep. S. Clark absent for the vote.

c. Technology Acquisition Projects

Analyst Amon listed last year's building blocks for the Subcommittee. He then discussed the DTS Business Continuity Plan. He stated that one of the top priorities of DTS is to ensure that the most critical information systems in the State have sufficient technical backup to function in any situation, including major disasters. DTS has created a three-part business continuity plan to request funding for the back-up of these systems. \$6.0 million for part one, which the Department is requesting this year, will back up all systems that have been identified as critical during the first 24 hours following a disaster. If additional revenue becomes available, the Analyst recommends an appropriation of \$3,429,500 General Fund one-time and \$2,570,500 of Transportation Funds, Federal Funds, and Dedicated Credits to fund phase one of the DTS business continuity plan.

Mr. Amon discussed the FY 2009 building blocks of Information Technology projects submitted to the CFGO Subcommittee for recommendation to the appropriate appropriations subcommittees for prioritization.

Following discussion by Subcommittee members regarding these building blocks, Director Fletcher stated that DTS feels these projects are viable and the Department supports this funding from dedicated credits. He responded to further questions from Subcommittee members.

Rep. S. Clark stated that he would prefer additional time regarding this issue to review the Analyst's recommendations and the building blocks of Information Technology projects before voting.

Co-Chair Garn stated that the Subcommittee would move to the next item on the agenda.

d. Internal Service Fund (ISF)

The Analyst stated that the DTS Internal Service Fund has two programs, which are Agency Services and Enterprise Services. He explained the two steps in the current rate structure. House Bill 109 (2005 GS) facilitated a consolidation of IT employees from State agencies into the DTS. To ease the transition, DTS kept the IT employees in the same function they previously held within the agencies and billed the agencies for those employee salaries and benefits through the Agency Services program.

The second step, he explained, is that the Department has successfully created a new rate structure within the Enterprise Services program that eliminates cross-subsidies. DTS recalculated its rates so that they reflect the full cost of providing the products to State agencies. These more accurate price signals will help DTS customers make better decisions when contemplating information technology.

Regarding the FY 2009 rate structure realignment, Mr. Amon stated that the Department has proposed a new rate structure that would transition all but 69 IT directors and administrative staff out of the billed Agency Services program and into the rate-based Enterprise Services program. He stated that he recommends adoption of the new rates as explained.

The Analyst then discussed DTS rate impacts. He stated that the total impact for this year's rate adjustments, as estimated by DTS and the DTS rate committee, is approximately \$2.5 million more than last year. He listed several reasons for this increased impact and stated that he accepts the \$1.3 million impact for compensation-related expense. However, he recommends that DTS reduce its rates by \$1.2 million for the \$700,000 Statewide cost allocation plan charge and the \$500,000 offset by changed units.

Mr. Amon explained the Statewide Cost Allocation Plan and stated that with the consolidation of IT services into DTS, the amount DTS would be required to pay into the ISF Overhead account would increase to \$700,000 for FY 2009. The majority of the funds collected in the ISF Overhead account are used to pay for the operating costs of FINET. Adding an additional \$700,000 to the fund would become surplus within the fund. DTS therefore suggested that the \$700,000 be re-appropriated as contributed capital to the Enterprise Services

ISF to expand the State's core network infrastructure. Instead, the Analyst recommends that the \$700,000 not be charged to DTS, but that instead DTS use the savings to decrease rates. This would reduce the total from \$2.5 million to \$1.8 million.

The next issue discussed by the Analyst was in regards to the rate impact associated with a change in units. DTS allowed the agencies the opportunity to go through and count the number of connections they had. As a result, the agencies returned a number much higher than what DTS originally used to spread the cost impacts. Instead of lowering the rate (more units means a lower rate), DTS kept their rates the same, which translated into a \$500,000 rate impact to the State and a windfall to DTS. The Analyst further recommended that DTS use the \$500,000 to reduce the total impact to the State to approximately \$1.3 million.

Director Fletcher stated that he supported the Analyst's recommendations.

John Reidhead, Director of Finance, DAS, asked for a clarification regarding the intent language which states that DTS services would not be charged for up to \$700,000 in FY 2009 by the Statewide Cost Allocation Plan and to use the savings to reduce the rates in the Enterprise Services Internal service Fund.

MOTION: Co-Chair Jenkins moved to approve the Analyst's recommendations for the Department of Technology Services ISF as follows:

1. FY 2009 estimated revenues of \$117,032,700.
2. Rates as presented.
3. 933.0 FTEs.
4. Authorized Capital Outlay of \$7,961,000.
5. Intent language to lower the Statewide DTS rate impact from \$2.5 million to approximately \$1.3 million as follows:

The Legislature intends that DTS Services not be charged up to \$700,000 in FY 2009 by the Statewide Cost Allocation Plan and use the savings to reduce rates in the Enterprise Services Internal Service Fund. The Legislature also intends that DTS reduce rates within the Enterprise Services Internal Service Fund by at least \$500,000 to more accurately reflect units of consumption.

The motion passed unanimously with Reps. Fisher and Snow absent for the vote.

MOTION: Rep. Bowman moved to adjourn the meeting.

The meeting was adjourned at 4:10 p.m. by Co-Chair Garn.

The minutes were reported by Bonnie Brinton.

Sen. Scott K. Jenkins
Committee Co-Chair

Rep. Kevin Garn
Committee Co-Chair